

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the matter of)	
)	
Fiber-to-the-Home Council Americas' Petition)	WC Docket No. 10-90
for Rulemaking to Establish a Gigabit)	
Communities Race-to-the-Top Program)	

**MIDWEST ENERGY COOPERATIVE
REPLY TO STATEMENT OF THE UTILITIES TELECOM COUNCIL**

Pursuant to Section 1.405(b) of the Federal Communications Commission's ("FCC") Rules, Midwest Energy Cooperative ("Midwest") respectfully submits this reply in support of the Utilities Telecom Council's ("UTC") September 11, 2013 Statement in the above referenced docket.

I. Introduction

Midwest's goal in this filing is relatively simple – **to support UTC's recommendations and strongly encourage the Commission to move forward by initiating a rulemaking proceeding that takes up the Fiber-to-the-Home Council Americas ("FTTH Council Americas") Petition for Rulemaking and consider other ways that the Commission could make effective use of unused funds from the Connect America Fund ("CAF").** This filing will seek to encourage the Commission by addressing the following:

1. Midwest's perspectives on the urgent need to extend broadband service to unserved and underserved portions of rural America;
 2. Midwest's perspectives on the UTC September 11, 2013 Statement in this docket;
- and

3. Barriers caused by the current time-consuming, unduly expensive Eligible Telecommunications Carrier (“ETC”) process.

II. Midwest’s Perspectives
On the Urgent Need to Extend Broadband Service
To Unserved and Underserved Portions of Rural America

There is clearly increasing demand for broadband in unserved and underserved rural areas but there seem to be barriers that somehow can’t be removed. To address this gap, Midwest believes that the Commission should remove the barriers to entry that prevent or discourage electric cooperatives like Midwest Energy from gaining access to CAF funds. Specifically, the Commission should extend eligibility to unused CAF funds by entities that are not ETCs or streamline the process under certain carefully prescribed conditions. The UTC’s filing is to be commended for its clarity and recognition of the need to provide the right answer.

Midwest understands that at this stage of the process, the Commission does not intend to issue *substantive* rulings on the provision of broadband service to unserved and underserved rural America. Instead, at this stage of the process, the Commission is merely determining *whether it should even address the issue, i.e.,* whether it should even initiate a rulemaking proceeding that takes up the FTTH Council Americas Petition for Rulemaking and consider other ways that the Commission could make effective use of unused CAF funds. Midwest respectfully supports the adoption of a rulemaking proceeding to promote unserved and underserved portions of rural America.

Midwest periodically surveys its member-consumers on their wants and needs – and effective broadband is easily highest on their responses. Rarely do they discuss matters of electrical service. Instead, the battle-cry is for broadband.

Midwest sees this as a matter of economic development and the very survival of our communities in the future.

- Farmers depend on broadband for a number of applications. Today's internet-based agricultural technology ranges from GPS-guided steering of farm equipment and geo-tagging to fleet management and the use of farmer network data hubs.
- Educators also require access to broadband. As more bandwidth-intensive material moves online – such as educational videos, interactive learning tools, and video conferencing tools for teachers – connection speed is quickly becoming a major issue for rural educators.
- Students, employers and people from all walks of life need access to broadband for everyday tasks. Sadly, more than a quarter (28%) of rural residents do not have home access to 3 Mbps/768kbps or faster fixed broadband services, compared to only 3% of non-rural residents (www.academia.edu).

According to the US Census, rural America is losing population for the first time ever. 46.2 million people (15% of the US population) reside in rural counties, which is spread across 72% of the nation's land area¹. More than 1 in 3 counties are losing population in the U.S. In the last two years, in Midwest's service area, only Kalamazoo County experienced growth in population. All others lost population.² Kalamazoo's growth is due, in part, to the Kalamazoo Promise "free-tuition" endeavor. According to Bureau of Labor Statistics, rural areas lost 10,000 jobs in the last year. During the same period, metro counties and counties with small cities added nearly 2

¹ (<http://news.yahoo.com/census-rural-us-loses-population-first-time-040425697.html>).

² (<http://realestate.aol.com/blog/2013/03/14/counties-losing-population-census/>).

million jobs³. Rural electric cooperatives and many of their consumers cannot just pick up and move to more lucrative areas. Rural America needs the Commission's help for our communities to grow. Higher rural broadband adoption rates directly correlate to higher household income, number of firms, higher educational attainment, lower unemployment rates and lower poverty rates.⁴.

That is why Midwest has been – and will continue to be – interested in broadband deployment. Specifically, Midwest seeks to build a \$62.3 million future-proof FTTx product that meets the growing demand for broadband speed and capacity. Leveraging a 243 mile high-speed communications ring through utility substations and facilities, Midwest intends to deploy 1,800 miles of fiber to 26,500 homes, schools, critical care facilities, first responders (police and fire), businesses and a tribal entity in rural, un-and-underserved southwest Michigan and portions of northern Indiana. The proposed service footprint includes Cass County as well as portions of Berrien, St. Joseph, Van Buren, and Kalamazoo Counties in Michigan and St. Joseph, Elkhart, and LaGrange Counties in Indiana.

Our deployment will be in phases. That said, we now know our fiber communications network (backbone) through substations and facilities will run approximately \$9.5 million. Though our FTTx project is still fluid – and may go nowhere absent outside help – preliminary numbers supplied by Pulse Broadband suggest an additional \$52.8 million is needed to serve the areas outlined above.

To accomplish our mission, we'll need lots of help. And, thus, over the course of several years, Midwest Energy has built support for its broadband interests. This support can be

³ (<http://www.dailyyonder.com/number-jobs-rural-counties-falls/2013/09/03/6730>).

⁴ (<http://www.dailyyonder.com/broadbands-impact-rural-economy/2013/08/16/6712>).

quantified through letters and e-mails from members, for-profit and non-profit organizations, municipalities, the State of Michigan, state and federal legislators, the Pokagon Band of Potawatomi Indians and others. At the appropriate time, support can be demonstrated through these letters and through financial support of our project.

III. Midwest's perspectives on the UTC September 11, 2013 Submission

UTC's September 11, 2013 submission cogently sets the table for the Commission to initiate the requested rulemaking proceeding. More specifically, Midwest embraces the following from the UTC filing:

- UTC supports the concept of using unused CAF funds to promote rural broadband (p 1);
- UTC recommends that the proposed rulemaking proceeding consider the broader concept of allowing applicants to apply for unused CAF funds to be able to provide broadband services to unserved and underserved in rural America (pp 1, 7, 8);
- UTC recommends that cooperatively organized utilities with low customer density service territories should be seriously considered, in that they own, manage or control extensive private internal communications networks to support the safe, reliable and effective delivery of essential public utility/electric services to rural America (p 2);
- UTC notes that cooperatively organized utilities are uniquely positioned to provide broadband services to the customers that they serve, in that they already serve customers in rural areas and can leverage existing infrastructure, including fiber, microwave and other technologies to reach customers that are currently unserved or underserved by other communications service providers (pp 2, 7);

- UTC notes that cooperatively organized utilities understand that bringing broadband into these areas will promote economic development and improve the quality of education to the communities that they serve (p 2);
- UTC notes that cooperatively organized utilities' business model typically allows for longer returns on investment and provides better quality of service compared to other commercial communications service providers (p 2);
- UTC notes that cooperatively organized utilities are poised to provide affordable, robust and reliable broadband services and they typically see relatively high take rates, low churn and high overall customer satisfaction (p 2);
- UTC notes that although cooperatively organized utilities are uniquely positioned to deploy broadband in rural areas, they need access to CAF in order to deploy broadband in rural areas (p 2);
- UTC notes that access to CAF would provide the kind of funding that cooperatively organized utilities need to supplement loans to pay for the high cost of offering services in those areas, particularly to deploy robust fiber optic facilities that are future-proofed to meet increasing customer demands both in terms of increased subscribership and higher bandwidth applications (p 3);
- UTC notes that CAF represent an attractive option for cooperatively organized utilities but they are hampered by certain barriers, including the cost and delay of applying for and obtaining ETC status (p 3);
- UTC notes that the Commission should look for ways to promote access to CAF funds by cooperatively organized utilities in order to promote competition with price cap carriers, who have a virtual lock on CAF funds and have declined funds that are

available, thereby leaving large parts of rural America unserved and underserved, *e.g.*, CAF should not be limited to ETCs (pp 3, 4);

- The Commission has the legal authority to remove ETC barriers to entry under Section 254 of the Communications Act of 1934, as amended and Section 706 of the Telecommunications Act (pp 4, 8-10);
- UTC notes that the goals of the National Broadband Plan are being frustrated by the refusal of price cap carriers to accept funds that are available and to serve unserved areas and underserved areas (p 5);
- UTC notes that the current process provides price cap carriers with monopoly control over access to CAF, and limiting eligibility to ETCs has had the practical effect of protecting price cap carriers from competition from other entities for access to CAF – which has resulted in price cap carriers refusing to accept CAF funds and leaving rural areas unserved by broadband (pp 5, 10); and
- UTC notes that if cooperatively organized utilities were able to apply for the remaining funds, they could provide service into areas where price cap carriers do not provide service (p 5);

The bottom line of the UTC filing, which Midwest embraces, is that access to CAF is vital to bringing broadband benefits to unserved and underserved rural America; and that the Commission has the power and authority to direct that CAF not be limited to ETCs. The Commission is urged to initiate the requested rulemaking.

IV. Barriers Caused by the Current Time-Consuming, Unduly Expensive ETC Process

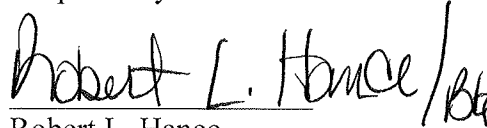
The UTC filing lays out the Commission's authority to direct that CAF not be limited to ETCs, and that discussion need not be repeated herein. If the Commission determines that a recipient of a CAF subsidy to deploy broadband services in rural unserved areas must be an ETC, then the Commission should expand eligibility in order to promote the reasonable and timely deployment of broadband to all Americans and streamline the process by which ETC status could be obtained. At this stage, there is no need to detail the specifics of how to expand eligibility or streamline the process. The real question is *whether the Commission should even initiate a proceeding to start the process* focusing on what common sense, achievable streamlining can be provided to avoid the ETC process becoming an insurmountable barrier to rural electric cooperatives bringing broadband to unserved and underserved rural America.

V. Conclusion

Midwest understands that the issue before the Commission at this point is relatively simple – “should it initiate a process which has the potential to bring broadband to unserved and underserved rural America?” At this point, the Commission need not consider the specifics – only whether it should further proceed. Midwest respectfully requests that the Commission adopt the recommendations contained in the UTC filing and initiate the requested proceeding. Midwest sees broadband access as the next step in the development of rural America today, the same way that electricity was in the 1930s. Years from now, people will look back and see this as the point in history when the Commission brought broadband to the rest of America and brought vitality and economic recovery back to rural and unserved areas.

Midwest respectfully requests that the Commission initiate the requested proceeding and take up the FTTH Council Americas Petition for Rulemaking and consider other ways that the Commission could make effective use of unused funds from the CAF.

Respectfully submitted

A handwritten signature in black ink that reads "Robert L. Hance" followed by a large, stylized flourish that resembles a slanted "B" or "H".

Robert L. Hance
Midwest Energy Cooperative
President and CEO

Dated: September 26, 2013